

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Employment Transportation Under W-2 (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 675, #1]

CURRENT LAW

Under 1995 Act 289, a Wisconsin Works (W-2) agency may provide transportation assistance as prescribed by the Department of Workforce Development (DWD). The W-2 agency must limit the provision of financial assistance to public transportation if public transportation that meets the needs of the participant is available.

Under Act 289, the Department, with the assistance of local governments must identify significant local and regional employment opportunities, and the residential locations of current and potential W-2 participants. Further, the Department must submit a report to the Joint Committee on Finance that recommends options that W-2 agencies could take to facilitate the transportation of W-2 participants to the employment opportunities identified. The Department of Transportation (DOT) is required to assist DWD in developing options to be included in the report.

Current law authorizes the Department to conduct the Job Ride program, an employment transit assistance project which provides transportation to individuals in Milwaukee County who seek employment in outlying suburban and sparsely populated and developed areas. Current funding for the Job Ride program is \$579,100 SEG.

GOVERNOR

Provide \$1,000,000 in 1997-98 and \$2,000,000 in 1998-99 in TANF funds to expand the Job Ride program in Milwaukee County and to provide transportation assistance to other parts of the state.

DISCUSSION POINTS

1. Several W-2 agencies have expressed concern about the transportation needs of W-2 participants and have identified transportation as a significant barrier to moving individuals into jobs.

2. The Department has established a committee of representatives from DWD, DOT, Job Centers throughout the state, transit management associations, and Pierce and Fond du Lac counties. The purpose of the committee is to provide recommendations on the use of the employment transportation funding proposed by the Governor. Final recommendations are expected in August, 1997.

Preliminary discussions indicate that the Department would use a portion of the funding to expand the existing Job Ride program in Milwaukee. In its current form, the Job Ride program provides transportation only for individuals who have permanent, full-time employment. Therefore, Job Ride would not be available for individuals in community service jobs or transitional placements.

The committee would like to maintain a portion of the funding for rural geographic areas and other areas of the state where transportation may be available within communities but not across communities. The Department has indicated that funding would be used to build on existing systems where possible.

3. The Department has indicated that the transportation study required under Act 289 should be complete in June, 1997. The purpose of this study is to provide a detailed analysis of residential locations of W-2 participants, transportation barriers for W-2 participants and potential commuting patterns of those participants. The report will recommend transportation assistance options and policy changes.

4. The funding for employment transportation could be approved but placed in the Committee's appropriation to be released after the Committee has had an opportunity to have review the study and the Department submits a plan for expending the funds.

5. Several other source of transportation assistance would be available until such time as the Committee may release the funds. This office conducted an informal survey of nine W-2 agencies with regard to start-up funding. Although start-up funding will be utilized for various

purposes by each agency, some have indicated that these funds would be used to develop transportation options for recipients. In addition, the request for proposals (RFP) for W-2 agencies indicates that agencies would be required to work with the Community Steering Committee and Children's Services Network to provide options for transportation. Approximately 50% of the funding provided for W-2 agency office costs is for ancillary services, which includes transportation assistance.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide \$1,000,000 in 1997-98 and \$2,000,000 in 1998-99 for employment transportation.

<u>Alternative 1</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$3,000,000
[Change to Bill]	\$0]

2. Modify the Governor's recommendation to place \$1,000,000 in 1997-98 and \$2,000,000 in 1998-99 for employment transportation in the Committee's appropriation.

<u>Alternative 2</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$3,000,000
[Change to Bill]	\$0]

3. Maintain current law. Under this option no additional funds would be provided for employment transportation.

<u>Alternative 3</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$3,000,000]

Prepared by: Joanne Simpson

MO# A1+2

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Evaluation of the W-2 Program (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 675, #1]

CURRENT LAW

Under current law, the Department is required to contract with the Legislative Audit Bureau (LAB) to conduct a financial and performance audit of the Wisconsin Works (W-2) program. The audit must evaluate the effect of the W-2 employment component on the unsubsidized wages of former W-2 employment position participants, trial job participants and individuals that move from community service jobs and transitional placements to trial jobs. In addition, the audit must include the effect of W-2 on the provision of child care services. The LAB is required to file the audit no later than July 1, 2000.

Base level funding for state administration in Paper #971 includes \$500,000 in each year for evaluations. This amount is based on current expenditures.

GOVERNOR

Provide \$1,000,000 in 1997-98 in 1998-99 above the base level for evaluations.

DISCUSSION POINTS

1. The W-2 program represents a significant departure from the current AFDC program. The scope of the evaluation would be much larger than any previous evaluation undertaken for various welfare reform initiatives. During most evaluation processes, feedback

is not often provided at regular intervals. Because of the scope and importance of the evaluation, the Department intends to work with the LAB to have continuous feedback throughout the entire process. This could add to the costs of the evaluation, but also make the evaluation a more useful tool.

2. Wisconsin has been seen as a lead state in welfare reform. Universities and other organizations will likely be interested in studying the effects of welfare reform in this state. In addition, the Department indicates that it may be able to obtain outside funding for the evaluation. Both of these factors could influence the cost to the state of the Audit Bureau's evaluation.

3. One option would be to place the funding in the Committee's appropriation and direct the Department to request the funding under a 14-day passive review process. This option would provide the Department time to work with the LAB to establish the evaluation plan, and to determine if outside funding would be available.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide an additional \$1.0 million in 1997-98 and 1998-99 for evaluations.

<u>Alternative 1</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$2,000,000
[Change to Bill]	\$0]

2. Provide an additional \$1,000,000 in each year for an evaluation of the W-2 program, but place the funding in the Joint Finance Committee's program supplements appropriation.

<u>Alternative 2</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$2,000,000
[Change to Bill]	\$0]

3. Maintain current law. Under this option \$500,000 in each year would be provided for evaluations.

<u>Alternative 3</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$2,000,000]

Prepared by: Joanne Simpson

MO#

Alt 2

1	BURKE	Y	N	A
2	DECKER	Y	N	A
	GEORGE	Y	N	A
	JAUCH	Y	N	A
	WINEKE	Y	N	A
	SHIBILSKI	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	JENSEN	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	LINTON	Y	N	A
	COGGS	Y	N	A

AYE

7

NO

9

ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Assignment of Child Support Under W-2 (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 684, #4]

CURRENT LAW

State Law

Under the Wisconsin Works (W-2) provisions enacted in 1995 Wisconsin Act 289, participants in W-2 are not required to assign rights for child or spousal support to the state. All payments of support will be paid directly to the family.

The W-2 program will replace the current aid to families with dependent children (AFDC) program. The statutes require that the W-2 program must be implemented statewide by October 1, 1997; the Department expects to implement the new program statewide by September 1, 1997. The W-2 program will be funded, in part, with federal block grants under the temporary assistance to needy families (TANF) program.

Federal Law

Under the 1996 federal welfare reform legislation, states must require applicants and participants in assistance programs funded with TANF block grants to assign to the state any rights to child support or spousal support, not to exceed the total amount of assistance provided. States may not require the assignment of support that accrues after the date the family leaves the program. Under the federal law, the state must first pay to the federal government the federal share of the support collected, and retain or distribute to the family, the state share of the amount collected. The federal and state shares are based on the federal financial participation rate for

the MA program in effect during the fiscal year in which the collections were made (approximately 60% federal and 40% state in Wisconsin).

If a state chooses to pass through the full amount of support to the family (as under the current W-2 provisions), the state must pay the federal share first. The amount paid to the family must come from the state's share of child support collections or other state revenue sources, after the federal share has been deducted. A detailed description of the federal provisions regarding the distribution of child support payments received by public assistance recipients is provided in the Appendix.

GOVERNOR

Specify that, in order to be eligible for a W-2 employment position, a job access loan, the W-2 health plan or the W-2 child care subsidy, an individual must assign to the state any spousal or dependent child support rights for payments, including amounts that accrue during the time the individual receives a W-2 benefit. If the family includes children who are receiving W-2 benefits and children who are not receiving such assistance, the amount of support assigned to the state would be the proportionate share for the children receiving benefits, unless a court orders otherwise. No amount of support that begins to accrue after the individual is no longer participating in W-2 could be considered assigned to the state.

The bill would allow, but not require, the Department to pay to a W-2 applicant or participant any monies received by the Department under an assignment to the state. Only those support payments that are returned to the individual would be counted toward the income limitation when determining eligibility for W-2. The bill would also provide that amounts assigned to the state would remain assigned to the state until the amount of benefits paid that represents the amount due as support or maintenance has been recovered.

Finally, the bill would require the state, or the Department as the state's representative, to bring an action for support of a minor child or for paternity determination whenever the child's right to support is assigned to the state as a participant in the W-2 program. Currently, the state or the Department must bring an action for support or paternity determination whenever the child's right to support is assigned to the state under the foster care program, the kinship care program or the AFDC program.

DISCUSSION POINTS

Assignment of Child Support to the State

1. The current provisions for W-2 are not consistent with federal law, because participants will not be required to assign support to the state. The provision recommended by

the Governor would make state law consistent with federal law by requiring recipients of assistance under W-2 to assign support to the state.

2. The Governor's provision would allow, but not require, DWD to pass through the entire amount of child support to the family. The administration indicates that this provision is intended to provide flexibility in paying support to W-2 recipients. If sufficient funds are not available, the state could retain its share of child support rather than pass these monies through to the family.

3. Under Act 289, all child support would be paid directly to the family. Allowing DWD to retain some or all child support collected on behalf of W-2 participants would be a significant departure from current state law. Further, the child support pass-through has been viewed as an important element of the W-2 program and the receipt of child support can have a significant impact on a family's financial well-being. Therefore, the Committee could require, rather than permit, DWD to pay the full amount of child support to the family. This would ensure that state law is consistent with the Act 289 provision in terms of the amount of support received by W-2 participants.

4. In order to further clarify the distribution of support collected on behalf of W-2 participants, the Committee could also specify that the state must pay the federal share of support assigned to the state as required under federal law or waiver.

5. Act 289 was adopted prior to the 1996 federal welfare reform legislation. However, the fiscal estimates used in Act 289 included funding to pay the 60% federal share of child support received by W-2 participants and to allow these families to retain all current support payments. In addition, SB 77 includes \$35.3 million in 1997-98 and \$39.8 million in 1998-99 for these costs. This funding was increased \$37.9 million in 1997-98 and \$41.9 million in 1998-99 in Paper #971 to reflect a reestimate of child support collections on behalf of public assistance recipients.

6. The Governor's recommendation also provides that "Amounts assigned to the state under this paragraph remain assigned to the state until the amount of benefits paid that represents the amount due as support or maintenance has been recovered." It appears that this provision is included in order to conform with the federal requirement that the federal government must receive a share of certain arrearages paid to former recipients of assistance in order to recover federal revenues paid as benefits to the family. This provision could also be interpreted to mean that the state could retain a share of arrearages that are received by former W-2 participants. If the Committee elects to require, rather than permit, DWD to pay the full amount of child support to the family, this provision could be modified to specify that support would remain assigned to the state until all amounts due to the federal government have been paid. This would conform with federal law and clarify that the state could not retain child support arrearages received by W-2 participants after they leave the program. This would also be consistent with the Act 289 provisions.

7. The provisions described in the preceding sections address the general treatment of child support paid to W-2 participants. The following sections discuss a child support demonstration that will likely be implemented as part of the W-2 program under a waiver from the federal government.

Child Support Waiver Demonstration--Control Group

8. On February 28, 1997, DWD received approval of a waiver from the federal government to conduct a child support demonstration project. In conducting the project, the state would be allowed to offset the federal share of child support payments for recipients of TANF assistance against the state's \$80 million balance of unclaimed waiver savings. Absent the waiver, the federal share of child support collections passed through to W-2 recipients would have to be paid to the federal government at a cost of approximately \$9.7 million in 1997-98 and \$14.4 million in 1998-99. Therefore, the waiver would result in savings of \$24.1 million from amounts included in the Governor's budget bill.

9. The waiver would require that 2,000 existing W-2 participants and 2,000 new applicants for the W-2 program be randomly assigned to a control group. The state would be required to provide to the federal government approximately 60% of support payments collected on behalf of these recipients. The Department has indicated that the recipient would receive the 40% state share of all support collected, or \$50, whichever is greater. Compared to the current provisions for W-2, families in the control group would retain less of their child support payments which would reduce their disposable income. The control group would be compared to an experimental group (cases in the experimental group would receive the full amount of child support collected on their behalf) for purposes of evaluating the demonstration project and calculating excess costs to the federal government.

10. At its meeting on May 7, 1997, the Committee considered the child support demonstration waiver as part of a larger request to modify the Department's TANF expenditure plan for 1996-97. Because of concerns that families in the control group would experience a loss of income compared to the current W-2 provisions, the Committee directed the Department to attempt to renegotiate the terms of the child support waiver to eliminate the control group.

11. On May 13, DWD sent a letter to the federal Department of Health and Human Services (HHS) requesting that HHS consider elimination of the control group or use of another method of evaluating the demonstration. On May 20, HHS sent a response to DWD which stated that the federal government will continue to require an experimental design with random assignment to treatment and control groups as a condition of conducting the demonstration.

12. No provision of the current statutes authorizes or requires demonstration projects or control groups under the W-2 program. Therefore, if the Committee chooses to require (rather than permit) DWD to pay all support to families participating in W-2, it appears that the statutes

would need to be modified to allow the Department to conduct the project with the control group. The Committee could create an exception to the general child support provisions to allow the Department to pay a lower amount of child support to families in the control group of the child support demonstration project, as required under the terms and conditions of the federal waiver.

13. If this provision is not adopted and the Committee chooses to require DWD to pay all child support to W-2 participants, it is possible that the federal government would conclude that the child support demonstration is in violation of state law, and not permit the state to implement the waiver. This would result in increased costs of approximately \$9.7 million in 1997-98 and \$14.4 million in 1998-99. As noted, the budget submitted by the Governor included funding to cover these expenses.

14. It appears that the specific exception for the control group would not be needed if the Committee chooses to adopt the Governor's proposal to allow, rather than require, DWD to pay child support to families participating in W-2.

ALTERNATIVES TO BASE

Assignment of Child Support to the State

1. Adopt the Governor's recommendation to require W-2 participants to assign to the state any spousal or dependent child support rights for payments, including amounts that accrue during the time the individual receives a W-2 benefit. Allow, but not require, the Department to pay to a W-2 applicant or participant any monies received by the Department under an assignment to the state.

2. Adopt the provisions recommended by the Governor with one or more of the following modifications:

a. Require, rather than permit, DWD to pay to a W-2 applicant or participant all monies received by the Department under an assignment to the state.

b. Specify that the Department must pay the federal share of support assigned to the state as required under federal law or waiver.

c. Instead of specifying that "amounts assigned to the state under this provision remain assigned to the state until the amount of benefits paid that represents the amount due as support or maintenance has been recovered", provide that amounts of support assigned to the state would remain assigned to the state until all amounts due to the federal government have been paid.

Child Support Waiver Demonstration--Control Group

1. Create an exception to the general provisions regarding the distribution of child support to allow the Department to pay a lower amount of child support to families in the control group of the child support demonstration project, as required under the terms and conditions of the federal waiver.
2. Maintain current law.

Prepared by: Rob Reinhardt

Assignment of Child Support

MO# 2a, bc

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	Y	<input checked="" type="radio"/>	A
PANZER	Y	<input checked="" type="radio"/>	A
JENSEN	Y	<input checked="" type="radio"/>	A
OURADA	Y	<input checked="" type="radio"/>	A
HARSDORF	Y	<input checked="" type="radio"/>	A
ALBERS	Y	<input checked="" type="radio"/>	A
GARD	Y	<input checked="" type="radio"/>	A
KAUFERT	Y	<input checked="" type="radio"/>	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 8 NO 8 ABS 0

Assignment of Child Support

MO# Alt. 1

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DECKER	Y	<input checked="" type="radio"/>	A
GEORGE	Y	<input checked="" type="radio"/>	A
JAUCH	Y	<input checked="" type="radio"/>	A
WINEKE	Y	<input checked="" type="radio"/>	A
SHIBILSKI	Y	<input checked="" type="radio"/>	A
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ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	Y	<input checked="" type="radio"/>	A
COGGS	Y	<input checked="" type="radio"/>	A

AYE 8 NO 8 ABS 0

Assignment of Child Support

MO# 2a

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
JENSEN	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

Control Group

MO# Alt. 1

BURKE	<input checked="" type="radio"/>	A
DECKER	<input checked="" type="radio"/>	A
GEORGE	<input checked="" type="radio"/>	A
JAUCH	<input checked="" type="radio"/>	A
WINEKE	<input checked="" type="radio"/>	A
SHIBILSKI	<input checked="" type="radio"/>	A
COWLES	<input checked="" type="radio"/>	A
PANZER	<input checked="" type="radio"/>	A
JENSEN	<input checked="" type="radio"/>	A
OURADA	<input checked="" type="radio"/>	A
HARSDORF	<input checked="" type="radio"/>	A
ALBERS	<input checked="" type="radio"/>	A
GARD	<input checked="" type="radio"/>	A
KAUFERT	<input checked="" type="radio"/>	A
LINTON	<input checked="" type="radio"/>	A
COGGS	<input checked="" type="radio"/>	A

AYE 14 NO 2 ABS 0

APPENDIX

Federal Provisions Regarding the Distribution of Child Support

The following sections outline federal provisions regarding the distribution of child support collected on behalf of recipients of public assistance under the previous AFDC program and under the TANF program enacted in the 1996 federal welfare reform legislation (P.L. 104-193).

PRIOR DISTRIBUTION PROVISIONS FOR AFDC RECIPIENTS

Under prior federal law, in order to receive AFDC a custodial parent was required to assign to the state any right to collect child support payments. The assignment covered current support and any arrearages that accumulated before the family began receiving assistance, and lasted as long as the family received AFDC.

Federal law required that child support collections on behalf of AFDC recipients be distributed as follows:

1. The first \$50 per month in current support was paid to the family and disregarded in determining eligibility for AFDC and monthly benefits.
2. The federal and state governments were then reimbursed for the AFDC benefit paid to the family in that month.
3. Any additional funds were paid to the family, up to the amount of the current support obligation.
4. If there were still funds available, the state and federal governments first retained an amount to cover any arrearages owed under the AFDC assignment provision. If no arrearages were owed to the state, the remainder was paid to the family and was considered income under the AFDC program.

CURRENT PROVISIONS

As a condition of eligibility for TANF assistance, states must require family members to assign to the state any rights the family member may have to child support or spousal support, not to exceed the total amount of assistance provided. States may not require the assignment of support that accrues after the date the family leaves the program. The following sections outline provisions governing distributions of child support collected by a state pursuant to a child support enforcement plan.

Families Receiving State Assistance

In the case of families receiving assistance from the state, the state must: (a) first pay to the federal government the federal share of the support collected; and (b) retain, or distribute to the family, the state share of the amount collected. These provisions apply to families receiving AFDC or TANF benefits or foster care maintenance payments. The federal and state shares are based on the federal financial participation rate for the MA program in effect during the fiscal year in which the collections were made (approximately 60% federal and 40% state in Wisconsin).

There is no longer a requirement for states to pass through the first \$50 of support to the family. States may continue the \$50 payment, provide a higher or lower amount or pass through the entire amount of support to the family. However, these payments must be made from the state's share of child support collections or other state revenue sources, after the federal share has been deducted and paid. Alternatively, states may retain the entire state share of child support.

Families that Formerly Received Assistance

For families that formerly received assistance from the state, the state must distribute current support payments to the family. The distribution of arrearages (any amount in excess of the current obligation) depends on whether the arrearage was accrued while (or before or after) the family was receiving assistance.

Arrearages Accrued After the Family Ceased to Receive Assistance. Effective October 1, 1997 (or earlier at state option), the state must distribute any collections of arrearages that accrued after the family ceased to receive assistance as follows: (a) the state and federal governments retain any amount collected through the federal tax intercept program, up to the amount necessary to reimburse the state for amounts previously paid as assistance; (b) other funds are paid to the family to offset any arrearages accrued after the family ceased to receive assistance; (c) any remaining funds are split between the state and federal governments to the extent necessary to reimburse any amounts paid to the family as assistance by the state; (d) any funds still remaining are paid to the family.

Arrearages Accrued Before the Family Began to Receive Assistance. The provisions described above for arrearages accrued after a family ceased receiving assistance apply, effective October 1, 2000 (or earlier at state option). However, the distribution to the family under (b) is made to offset any arrearages accrued before the family began to receive assistance.

Arrearages Accrued While the Family Received Assistance. For arrearages that accrued while a family was receiving assistance, the state must: (a) first pay to the federal government the federal share of the support collected; and (b) retain, or distribute to the family, the state share of the amount collected.

Ordering Rules for Distribution

For purposes of these provisions, states must treat any support arrearages collected (other than through the tax intercept program) as accruing in the following order: (a) first, to the period after the family ceased to receive assistance; (b) second, to the period before the family received assistance; and (c) third, to the period while the family was receiving assistance.

Study and Report

By October 1, 1998, the Secretary of the federal Department of Health and Human Services (HHS) must report to Congress the Secretary's findings with respect to: (a) whether the distribution of post-assistance arrearages to families has been effective in moving people off welfare and keeping people off welfare; (b) whether early implementation of a pre-assistance arrearage program by some states has been effective in moving people off welfare and keeping people off welfare; (c) what the overall impact has been of the new child support enforcement provisions in moving people off welfare and keeping people off welfare; and (d) what changes, if any, should be made in the policies related to the distribution of child support arrearages.

Continuation of Assignments Under the AFDC Program

Any rights to support which were assigned to the state as a condition of receiving AFDC and which were in effect on the day before the date of enactment remain assigned after that date.

Hold Harmless Provision

If the amount collected by a state which could be retained by the state in a fiscal year (to the extent necessary to reimburse the state for public assistance payments) are less than the state share of amounts collected in FFY 1995, the state may retain the higher amount.

Other Provisions

As under current law, child support collected on behalf of families who have never received assistance must be distributed to the family. Special provisions apply in the case of families receiving assistance from an Indian tribe and for states that have a "fill the gap" policy for their AFDC programs.

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

New Hope Project (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 699, #24]

CURRENT LAW

1995 Wisconsin Act 27 provided \$250,000 GPR in 1995-96 and 1996-97 for the New Hope project, which assists low-income individuals in the City of Milwaukee to obtain employment and secure support services. Under current law, the Department of Workforce Development (DWD) may allocate funds to the New Hope project only if the project obtains an equal amount of funding from other public or private sources, and complies with certain statutory requirements. These statutory provisions for New Hope will be sunset on June 30, 1997, and no funds may be encumbered from the Department's appropriation for New Hope after that date.

GOVERNOR

Provide \$750,000 annually in federal temporary assistance to needy families (TANF) funds for the New Hope project.

DISCUSSION POINTS

1. The New Hope project assists low-income individuals in the City of Milwaukee to obtain employment and secure support services. Under current state law, a person is eligible to participate in the New Hope project if they are at least 18 years old and have a family income below 200% of the poverty line. The project assists those who are not employed to obtain an unsubsidized job or a subsidized community service job. The project provides assistance in

obtaining the state and federal earned income tax credits, and may provide direct wage supplements to increase a participant's earnings above the poverty line. The project also assists participants in obtaining health care, child care, counseling and training for job retention or advancement. The project must contract for an evaluation of the project to show whether and to what extent it has succeeded in reducing welfare dependency, unemployment and poverty. As noted, under present law, these provisions will sunset on June 30, 1997.

2. The Governor's recommendation would not restore the statutory provisions regarding New Hope. Therefore, the requirement that New Hope obtain funds from other public or private sources would no longer be in the statutes, nor would the requirement for New Hope to comply with any other program requirements outlined above. If the Committee elects to continue funding for New Hope through the 1997-99 biennium, the sunset date for these provisions could be extended to June 30, 1999. It should be noted, however, that the administration indicates that it will establish a contract with New Hope prior to disbursing any funding to the project.

3. On February 28, 1997, DWD received approval of a waiver from the federal government to conduct a child support demonstration project. Under the waiver, the state would generally not be required to pay the federal share of child support collected on behalf of families participating in the Wisconsin Works (W-2) program. Instead, the amount due to the federal government would be offset against \$80 million of waiver savings owed to the state. This would result in estimated savings to the state of \$9.7 million in 1997-98 and \$14.4 million in 1998-99. As part of the waiver terms and conditions, the state would be required to provide \$2.9 million to the New Hope project through December, 1998.

4. At its meeting on May 7, 1997, the Committee considered the child support demonstration waiver as part of a larger request to modify the Department's TANF expenditure plan for 1996-97. Because of concerns that families in the control group of the demonstration would experience a loss of income compared to the current W-2 provisions, the Committee directed the Department to attempt to renegotiate the terms of the child support waiver to eliminate the control group. However, the Committee approved \$650,000 for New Hope in 1996-97 as the first payment required under the federal waiver.

5. On May 13, DWD sent a letter to the federal Department of Health and Human Services (HHS) requesting that HHS consider elimination of the control group or use of another method of evaluating the demonstration. On May 20, HHS sent a response to DWD which stated that the federal government will continue to require an experimental design with random assignment to treatment and control groups as a condition of conducting the demonstration.

6. With the \$650,000 approved by the Committee in 1996-97, the state would need to provide \$2,250,000 (\$2,900,000 minus \$650,000) to New Hope in the 1997-99 biennium in order to be in compliance with the terms of the waiver. By year, the state would pay \$1,560,000 in 1997-98 and \$690,000 in 1998-99. These amounts, differ from the funding recommended by the Governor by \$810,000 in the first year and -\$60,000 in 1998-99.

7. State appropriations for New Hope have totalled \$1.8 million since 1991-92. According to estimates from New Hope, from 1996-97 through 1998-99, other sources of funding for the project include \$4.7 million in private contributions, \$600,000 in federal revenues, and \$50,000 in funds from a community development block grant.

ALTERNATIVES TO BASE

Funding for New Hope Project

1. Approve the Governor's recommendation to provide \$750,000 each year to the New Hope project. If this amount of funding is adopted, the state would not be in compliance with the terms and conditions of the federal waiver for the child support demonstration project. Therefore, it is possible that the waiver would be discontinued, which would increase expenditures by an estimated \$9.7 million in 1997-98 and \$14.4 million in 1998-99.

<u>Alternative 1</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$1,500,000
[Change to Bill]	\$0]

2. Provide \$1,560,000 in 1997-98 and \$690,000 in 1998-99 to the New Hope project, as specified under the terms and conditions of the federal child support waiver. Compared to the bill, this option would increase funds for New Hope by \$750,000.

<u>Alternative 2</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$2,250,000
[Change to Bill]	\$750,000]

3. Maintain current law, which eliminates funding for New Hope. If this option is adopted, the state would not be in compliance with the terms and conditions of the federal waiver for the child support demonstration project. Therefore, it is possible that the waiver would be discontinued, which would increase expenditures by an estimated \$9.7 million in 1997-98 and \$14.4 million in 1998-99.

<u>Alternative 3</u>	<u>ALL FUNDS</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$1,500,000]

Statutory Provisions Relating to New Hope

1. Modify current law to provide that the statutory provisions regarding the New Hope project would sunset on June 30, 1999, rather than June 30, 1997.
2. Maintain current law.

Prepared by: Rob Reinhardt

New Hope Funding

MO#

Alt 2

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE ____ NO ____ ABS ____

Stat. Provisions

MO#

Alt. 1

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE ____ NO ____ ABS ____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Work Requirement for Two-Parent Families Under W-2 (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 685, #5]

CURRENT LAW

State Law

Under the Wisconsin Works (W-2) program, cash assistance is generally available only if an adult in the family participates in a subsidized W-2 employment position. State law provides that only one person in a family may participate in subsidized employment at a time. There is no requirement for spouses in two-parent families to be making progress in work activities.

Also, current state law provides that a custodial parent of a child who is 12 weeks old or less and who meets the eligibility requirements for the W-2 program may receive a monthly grant of \$555. A W-2 agency may not require such individuals to engage in work activities or participate in education and training activities.

Federal Law

Under the 1996 federal welfare reform legislation (P.L. 104-193), the state must meet work participation requirements for all families and for two-parent families receiving assistance funded with the federal temporary assistance to needy families (TANF) block grant. Federal law requires at least 75% of two-parent families receiving assistance to be participating in work activities in federal fiscal years (FFY) 1997 and 1998. The participation requirement increases to 90% in FFY 1999. If a state does not meet these requirements, the TANF block grant may

be reduced by 5% in the first year of non-compliance (\$15.9 million in Wisconsin). For each consecutive year thereafter that the state is not in compliance with the work requirements, the state's TANF block grant may be reduced by an additional 2%, up to a maximum 21% reduction.

Under federal law, individuals in two-parent families are considered to be engaged in work if one individual is making progress in specified work activities for at least 35 hours per week. At least 30 hours per week must be attributable to the following activities: (a) unsubsidized or subsidized private or public sector employment; (b) work experience; (c) on-the-job training; (d) job search and job readiness; (e) community service programs; (f) vocational educational training; or (g) the provision of child care services to an individual who is participating in a community service program. Federal law limits participation in job search and job readiness and vocational rehabilitation.

In addition, the individual's spouse must be making progress in work activities, if all of the following conditions apply: (a) the family is receiving federally-funded child care assistance; (b) an adult in the family is not disabled; and (c) an adult in the family is not caring for a severely disabled child. If these conditions apply, the spouse must spend at least 20 hours per week in: (a) unsubsidized or subsidized private or public sector employment; (b) work experience if sufficient private sector employment is not available; (c) on-the-job training; or (d) community service programs. Participation in job search, job readiness and vocational education does not count toward the work requirement for the spouse.

If an individual in a family receiving assistance refuses to engage in the required work activities, the state must reduce the amount of assistance otherwise payable to the family pro rata or more, at state option, or terminate assistance subject to good cause and other exceptions.

GOVERNOR

Two-Parent Family Work Requirement

Provide that if one parent in a two-parent family is participating in a W-2 employment position, the second parent would be required to participate in unsubsidized or subsidized employment, work experience, on-the-job training or a community service program for at least 20 hours per week. The second parent would not be subject to this work requirement if: (a) the family is not receiving federally funded child care assistance; (b) the second parent is disabled; or (c) the second parent is caring for a severely disabled child. The Department would define the types of work activities that would qualify under this provision and whether the parent is disabled or caring for a severely disabled child.

Under the Governor's recommendation, only one W-2 grant or wage subsidy would be provided to a two-parent family. In addition, the W-2 agency would be allowed to reduce the monthly grant of a participant in a W-2 community service job or transitional placement by \$5.15

for every hour that the second parent who is subject to the work requirement fails to meet the requirement without good cause. Good cause would be determined by the financial and employment planner under rules promulgated by the Department, and would have to include required court appearances for victims of domestic abuse.

In addition, the bill would specify that a W-2 participant would be ineligible to participate in a W-2 employment position if the second parent is subject to the work requirement and refuses three times to participate. The second parent would be considered to have demonstrated a refusal to participate if he or she: (a) expresses verbally or in writing to a W-2 agency a refusal to participate; (b) fails without good cause to appear for an interview with a prospective employer; (c) voluntarily leaves employment or training without good cause; (d) loses employment as a result of being discharged for cause; or (e) demonstrates through other behavior or action, a refusal to participate in a W-2 employment position.

Custodial Parent of Infants

The Governor's proposal would increase the monthly cash grant for custodial parents of infants from \$555 to \$673. (The issue of cash grants is discussed in a separate paper). The Governor's recommendation also would specify that a custodial parent of a child who is 12 weeks old or less may not receive this grant if another adult member of the custodial parent's W-2 group is participating, or is eligible to participate, in a W-2 employment position or is employed in unsubsidized employment.

DISCUSSION POINTS

Two-Parent Family Work Requirement

1. Under current state law, a family is eligible for child care only if the child care is needed for an individual to work in an unsubsidized job or in a W-2 employment position. Therefore, if a two-parent family is receiving child care assistance, and the second parent is not disabled or caring for a severely disabled child, both parents must be working. The Governor's provision would only apply to two-parent families who receive child care assistance. The budget provision would not affect two-parent families as long as both parents are participating in work activities for at least 20 hours per week.

2. However, state law does not have a minimum work requirement in order for the family to receive child care assistance. Therefore, the Governor's recommendation that the second parent work a minimum of 20 hours per week could impose an added restriction on a family. If the second parent in a two-parent family was working in a part-time job for less than 20 hours per week, under current state law, the family could receive subsidized child care for the time during which the second parent is working. Under the Governor's recommendation, and according to federal law, the second parent would have to find additional hours of unsubsidized

employment, give up the part-time job, participate in uncompensated work activities or find alternative child care arrangements.

3. It appears that the Governor's proposal would affect a relatively small number of families. According to the child care model developed by DWD, it is estimated that about 30% of two-parent families in the W-2 program will receive subsidized child care. The remaining cases have a relative caring for their child or have other child care arrangements. The two-parent caseload for W-2 is estimated to be approximately 1,100 on September 1, 1997. Therefore, 330 two-parent families (30% of 1,100) are estimated to receive subsidized child care. However, not all of these families would be affected by the Governor's proposal. As noted, the budget provision would impact a family only if the second parent worked less than 20 hours per week. In some two-parent families, the second parent would likely be working more than 20 hours per week.

4. Although the second parent could be required to engage in work activities under the Governor's recommendation, he or she would not be compensated for these activities. Under the W-2 program, the cash benefits from subsidized employment positions are intended to provide financial support for the entire family. Therefore, it can be argued that additional cash assistance should not be provided if the second parent is required to engage in additional work activities under this provision.

5. The federal provision specifically prohibits vocational education, job search and job readiness from counting toward the work requirement for the second parent. Therefore, because the second parent would be participating in work activities as opposed to job-readiness activities, it could be argued that she or he should be compensated for work performed. Federal law does not prohibit the state from providing compensation for work activities performed by the second parent.

6. The Committee could consider modifying the Governor's recommendation to provide cash assistance to a second parent who is required to participate in uncompensated work activities under this provision. The cash benefit could be based on the community service job (CSJ) grant amount, prorated to reflect the number of hours worked by the second parent. Based on the \$555 monthly grant for community service jobs under current law, this option would cost approximately \$1 million in each year. Assuming the cash grant for CSJs of \$673 proposed by the Governor, this option would cost \$1.2 million in each year.

7. As discussed in the paper on subsidized employment, it is estimated that W-2 agencies would have excess funding for subsidized employment if the current \$555 CSJ grant amount is retained. Therefore, the counties could absorb the cost of providing cash assistance to a second parent under this option. If the higher CSJ grant recommended by the Governor is approved, the Committee could either increase funding for the W-2 agencies, or require the agencies to absorb this cost with existing funds.

Custodial Parents of Infants

8. Under the Governor's recommendation, a custodial parent of a child under 12 weeks of age could not be eligible for a grant if another adult member in the W-2 group is participating, or is eligible to participate, in a W-2 employment position or is employed in unsubsidized employment. This would be similar to the current requirement that only one parent in a two-parent family may participate in a W-2 employment position at a time, and would prevent households from receiving two grants.

9. However, the Governor's proposal would also disallow a custodial parent of an infant from receiving a W-2 grant if another individual in the household is employed in an unsubsidized job. There is no similar provision under current law for participation in W-2 employment positions by two-parent families. Further, it can be argued that the Governor's proposal would be unfair to families in which one of the parents is employed. These families would not receive cash assistance during the first 12 weeks after the child is born, while families in which neither parent is employed would be eligible for the \$555 monthly grant. Therefore the Governor's recommendation could be modified to delete the provision that would deny the grant to a custodial parent of an infant if another individual in the household is employed in an unsubsidized job.

10. The counter argument is that the intent of the grant for the custodial parent of an infant is to provide assistance to an individual who has no other resources to rely on. Therefore, families that have one adult member working should not be eligible for this grant.

ALTERNATIVES TO BASE

Two-Parent Family Work Requirement

1. Approve the Governor's recommendation to require that if one parent in a two-parent family is participating in a W-2 employment position the second parent must participate in specified work activities if the family is receiving federally funded child care and an adult in the family is not disabled or caring for a severely disabled child. The second parent would not be allowed to receive a grant, but would be sanctioned for refusal to participate.

2. Modify the Governor's proposal to provide cash assistance to a second parent who is required to participate in uncompensated work activities based on the CSJ grant amount, prorated to reflect the number of hours worked by the second parent. Two options are presented below regarding additional W-2 agency funding to cover the costs of this alternative.

a. Provide no additional funding for this alternative. Under this option, the grants would be provided from existing funding allocated to W-2 agencies.

b. If the Committee has chosen to increase the cash grants for CSJs to \$673 per month, provide \$1.2 million in each year to W-2 agencies to cover the costs of this alternative.

Alternative 2b	ALL FUNDS
1997-99 FUNDING (Change to Base)	\$2,400,000
[Change to Bill]	\$2,400,000

Custodial Parent of Infant

1. Approve the Governor's recommendation to specify that a custodial parent of a child who is 12 weeks old or less may not receive a grant if another adult member of the custodial parent's W-2 group is participating, or is eligible to participate, in a W-2 employment position or is employed in unsubsidized employment.

2. Modify the Governor's recommendation to delete the prohibition against receiving the grant if another adult member of the custodial parent's W-2 group is employed in an unsubsidized job.

3. Maintain current law.

CUST. Parent
Alt 1

Two Parent Requirement
MO# Alt 1

KE	Y	(N)	A	BURKE	Y	(N)	A
KER	Y	(N)	A	DECKER	Y	(N)	A
ORGE	Y	(N)	A	GEORGE	Y	(N)	A
ICH	Y	N	A	JAUCH	Y	(N)	A
IEKE	Y	N	A	WINEKE	Y	(N)	A
BILSKI	Y	N	A	SHIBILSKI	Y	(N)	A
WLES	Y	N	A	COWLES	(Y)	N	A
NZER	Y	N	A	PANZER	(Y)	N	A
				JENSEN	(Y)	N	A
NSEN	(Y)	N	A	OURADA	(Y)	N	A
JRADA	(Y)	N	A	HARSDORF	(Y)	N	A
ARSDORF	(Y)	N	A	ALBERS	(Y)	N	A
ALBERS	(Y)	N	A	GARD	(Y)	N	A
ARD	(Y)	N	A	KAUFERT	(Y)	N	A
AUFERT	Y	(N)	A	LINTON	Y	(N)	A
INTON	Y	(N)	A	COGGS	Y	(N)	A
OGGS	Y	(N)	A				

AYE ___ NO ___ ABS ___

AYE 8 NO 8 ABS 0

Two Parent Requirement
MO# 2a

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
GARD	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	(Y)	N	A
COGGS	Y	N	A

AYE ___ NO ___ ABS ___

CUST. Parent
MO# Alt 2

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	Y	(N)	A
COWLES	Y	(N)	A
PANZER	Y	(N)	A
JENSEN	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
GARD	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 7 NO 9 ABS ___

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

18- and 19-Year-Old Parents Under W-2 (Workforce Development -- Economic Support and Child Care)

CURRENT LAW

Participants in W-2 community service jobs (CSJs) may be required to work up to 30 hours per week in the CSJ and to participate in certain educational and training activities for up to 10 hours per week, for a total of 40 hours per week. In order to be eligible for a CSJ or other W-2 employment position, an individual must be a custodial parent over the age of 18.

GOVERNOR

No provision.

DISCUSSION POINTS

1. In a letter to the Co-Chairs of the Committee dated April 24, 1997, the administration indicated that it intended to include a provision in the budget bill that would allow W-2 financial and employment planners to assign 18- and 19-year-old parents to attend high school or participate in a program for obtaining a high school equivalency declaration as part of the required work activities for a CSJ. This provision was not included in the bill.

2. Under current law, teen parents could attend high school for up to 10 hours per week, but would still have to be assigned up to 30 hours of work activities each week in order to receive a CSJ grant. The proposal to allow full-time high school attendance would improve the future employment prospects of these participants.

3. A separate provision of the bill would provide child care for teen parents in order to attend high school.

ALTERNATIVES TO BASE

1. Permit 18- and 19-year-old parents to attend high school or participate in a program for obtaining a high school equivalency declaration as part of the required work activities for a CSJ.

2. Maintain current law.

Prepared by: Rob Reinhardt

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A
AYE	16	NO	0
		ABS	0

WORKFORCE DEVELOPMENT -- ECONOMIC SUPPORT AND CHILD CARE

GED for W-2 Participants

Motion:

Move to provide that, to the extent permitted by federal law, a participant in a community service job (CSJ) or transitional placement under the Wisconsin Works (W-2) program may be allowed to participate in courses of study for obtaining a GED/high school equivalency diploma for up to 20 hours per week, provided the individual is participating in work activities for a minimum of 20 hours per week and is making satisfactory progress in the course of study. The course of study would be assigned as part of an employability plan developed by the W-2 agency. The maximum participation in combined work and education would be 40 hours per week.

Note:

Under current law, a W-2 agency may require participants in CSJs to participate in work activities for up to 30 hours per week and in educational and training activities for up to 10 hours per week. Participants in transitional placements may be required to participate in work activities for up to 28 hours per week and educational and training activities for up to 12 hours per week. Under this motion, a CSJ or transitional placement participant who is working at least 20 hours per week may be allowed to participate in a course of study leading to a GED/high school equivalency diploma for up to 20 hours per week.

Allowing a participant to complete a GED may result in the recipient moving into an unsubsidized employment position more quickly. Additional education may also prevent individuals from returning to the W-2 program. These impacts would result in cost savings. However, if some individuals remain in an employment position longer than they otherwise would in order to complete their education, added costs would result.

MO# 5020

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	Y	(N)	A
PANZER	Y	(N)	A

JENSEN	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
GARD	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	(Y)	N	A
2 COGGS	(Y)	N	A

AYE 8 NO 8 ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Time Limit for Participation in W-2 (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 686, #6]

CURRENT LAW

State Law

In order to be eligible for a Wisconsin Works (W-2) employment position, the total number of months in which the individual has actively participated in the job opportunities and basic skills (JOBS) program or has participated in a W-2 employment position or both may not exceed 60 months. The statutes provide that participation in the JOBS program counts toward the 60-month time limit beginning July 1, 1996. However, the Department's emergency rules for W-2 specify that participation in JOBS counts beginning October 1, 1996.

The 60-month time limit may be extended if the local W-2 agency determines, in accordance with rules promulgated by the Department, that unusual circumstances warrant an extension of the participation period.

State law also provides that only one individual in a W-2 group may participate in a subsidized employment position at any time.

Federal Law

Under the 1996 federal welfare reform legislation (P.L. 104-193), funding provided to the state under the temporary assistance to needy families (TANF) block grant, may not be used to provide assistance to a family if the family includes an adult who has received assistance under

any state TANF program for 60 months, whether or not consecutive. The time limit begins on the date the state's TANF plan was approved (August 22, 1996, in Wisconsin).

In calculating the time limit for any individual, the state must disregard any month for which assistance was provided with respect to the individual and during which the individual was a minor child and not the head of a household or married to the head of a household.

Federal law requires that states also disregard months during which the adult lived on an Indian reservation or Alaskan Native Village if the reservation or village had at least 1,000 residents and at least 50% of the adults were unemployed.

States may expend funds not originating with the federal government on benefits for children or families that have become ineligible for TANF assistance by reason of the 60-month time limit. However, if the federal Department of Health and Human Services determines that a state is not complying with the 60-month time limit during a fiscal year, the state's basic TANF grant for the following fiscal year may be reduced by 5% (\$15.9 million in Wisconsin).

The federal law allows, but does not require, states to exempt families from the 60-month time limit by reason of hardship or if the family includes a member who has been battered or subjected to extreme cruelty. The number of exemptions allowed under this provision in a fiscal year may not exceed 20% of the average monthly number of families receiving assistance in that year.

GOVERNOR

Specify that the number of months an individual has participated in any program in Wisconsin or any other state in which the individual received benefits that were funded by TANF block grant monies would count toward the 60-month time limit for receipt of benefits under the W-2 program.

Provide that participation in the JOBS program would count toward the 60-month time limit beginning October 1, 1996, rather than July 1, 1996, as under current law. This would correspond to the Department's emergency rule for W-2.

Require the W-2 agency to include in the time limit for an individual any month in which any adult member of the W-2 group was a participant, if the individual was a member of the W-2 group during that month. Currently, the 60-month limit applies only to participation by the individual. Under the budget bill, the 60-month limit would apply to the entire family.

Specify that if an individual becomes a member of a new W-2 group in which another adult member has participated in JOBS or a W-2 employment position or has received TANF-funded benefits, the W-2 agency would be required to attribute to that individual either the

number of months in which the individual participated, or the number of months in which the other adult member of the W-2 group participated before the individual became a member of the W-2 group, whichever is greater.

Require the W-2 agency to exclude from the time limit any month during which any adult in the W-2 group participated in the JOBS program or a W-2 employment position, or received TANF-funded benefits while living on a federally recognized American Indian reservation or in an Alaskan Native Village if the population of the reservation or village was at least 1,000, and at least 50% of the adults living in the reservation or village were unemployed.

DISCUSSION POINTS

1. Under current state law, time limits apply to an individual and not a family. Therefore, a family with two adults may participate for a total of 120 months (60 months for each individual). However, under federal law, time limits apply to the entire family so that assistance may not be provided if a family includes an adult who has received assistance for 60 months. The budget provision is intended to comply with federal law.

2. The Governor's recommendation imposes a stricter requirement than federal law for certain individuals. Under the Governor's proposal, if a person becomes a member of a new W-2 group, that person could have counted toward the 60-month limit the time attributed to another adult in the group if that time is greater than the person's own. Effectively, the person could have time attributed to them during which she or he was not receiving assistance as a member of a W-2 group.

3. The Committee could modify the Governor's recommendation to provide that, for new W-2 groups, the time limit would be reached when the individual that has participated in W-2 for the greatest number of months reaches 60 months, but that each individual would have only the amount of time attributed to them during which the member was an adult in a W-2 group.

4. The federal Welfare Reform Technical Corrections Act of 1997 (H.R. 1048) contains several modifications to the 1996 federal welfare reform legislation. One of the issues addressed in the bill is the federal provision that requires states to disregard residents of Indian reservations from the 60-month time limit. In particular, the current provision relies upon data that may not be available, excludes certain areas within the standard definition of Indian reservation and could have the unintended effect of making the disregard inapplicable to residents of a large number of Indian reservation areas.

5. To address these problems, the federal corrections bill includes language that would allow states to disregard from the calculation of the 60-month time limit any month during which the adult lived on an Indian reservation, in Indian country occupied by a tribe, or in an Alaskan Native village, if the most reliable federal data available indicate that at least 50 percent

of the Indian adults living in such areas were not employed. The technical corrections bill has not yet been enacted, however, it has been passed by the House of Representatives and is being considered by the Senate.

6. In order to account for the potential change to the federal provision, the Committee could modify the Governor's recommendation to require that assistance provided while an individual was living on a federally recognized American Indian Reservation, in Indian country occupied by a tribe or in an Alaskan Native Village would be excluded from the calculation of the individual's 60-month time limit to the extent required by federal law.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation.
2. Adopt the Governor's recommendation with one or more of the following modifications:
 - a. Clarify that for new W-2 groups, the 60-month time limit would be reached when the individual that has participated in W-2 for greatest number of months reaches 60 months, but that each individual would have only that amount of time attributed to them during which the individual was an adult member of a W-2 group.
 - b. Provide that, in calculating the number of months of participation for any individual, the W-2 agency must disregard time during which the individual was living on an Indian reservation or Alaskan Native Village or time living in Indian country occupied by a tribe to the extent permitted by federal law.

Prepared by: Joanne Simpson

MO# Alt 2a, b

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	Y	(N)	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	Y	(N)	A

AYE 14 NO 2 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

W-2 Dispute Resolution (Workforce Development -- Economic Support and Child Care)

[LFB Summary: Page 688, #7]

CURRENT LAW

Under current law, a two-part process is established for reviewing decisions by local Wisconsin Works (W-2) agencies. The first step of the process allows individuals to petition the local agency for review of certain decisions. If the agency's review does not result in a decision that is acceptable to the individual, he or she can then petition the Department of Workforce Development (DWD) for review of the agency's decision. The W-2 agency may also request a review by the Department. These provisions are described below.

W-2 Agency Review. Any individual whose application for a W-2 employment position is not acted upon by the local W-2 agency with reasonable promptness, as defined by DWD by rule, may petition the W-2 agency for review of such action. A petition for review may also be made if the application is denied in whole or in part, if the individual's benefit is modified or canceled, or if the individual believes that the benefit was calculated incorrectly. Review is not available if the agency's action occurred more than 45 days prior to submission of the petition for review.

Upon a timely petition for review, the agency must give the applicant or participant reasonable notice and opportunity for a review. The agency must render its decision as soon as possible after the review and send a certified copy of its decision to the applicant or participant. The agency will be required to deny a petition for review or refuse to grant relief if the petitioner withdraws the petition in writing or abandons the petition. Abandonment occurs if the petitioner

fails to appear in person or by representative at a scheduled hearing without good cause, as defined by DWD by rule.

DWD Review of Agency Financial Eligibility Determinations. If the agency's decision involves denial of an application based solely on the determination of financial ineligibility, DWD must review a decision by a W-2 agency if: (a) the applicant or participant petitions the Department for review of the decision within 15 days of receiving the agency's decision; or (b) the W-2 agency requests DWD to review the agency's decision.

DWD Review of Other Agency Decisions. If the agency's decision does not involve denial of an application based solely on the determination of financial ineligibility, DWD is authorized, but not required, to review a decision by a W-2 agency if: (a) the applicant or participant petitions the Department for review of the decision within 15 days of receiving the agency's decision; or (b) the W-2 agency requests DWD to review the agency's decision.

GOVERNOR

Modify the W-2 dispute resolution process as follows:

a. Authorize any individual whose application for any component of W-2 (including an employment position, job access loan, health care, child care or other assistance) is not acted upon with reasonable promptness or denied, or who believes that the benefit was calculated incorrectly or that he or she was placed in an inappropriate W-2 employment position, to petition the W-2 agency for a review of such action. *Under current law, only applicants for a W-2 employment position may petition for a review. Current law does not specify that an individual may petition for a review for reason of being placed in an inappropriate employment position.*

b. Specify that a certified copy of the decision by the W-2 agency must be sent by first class mail to the last-known address of the applicant or participant. *Current law does not specify that the decision must be sent by first class mail, nor does it specify that it must be sent to the last known address.*

c. Authorize the applicant or participant to petition the Department for a review of the W-2 agency's decision within 14 days after the date on which the certified copy of the W-2 agency decision is mailed. *Under current law, the applicant or participant has 15 days from the time he or she receives the decision to petition the Department for a review.*

d. Specify how the W-2 agency must correct actions that have resulted in a denial of a benefit to an eligible individual. Under the Governor's recommendation, the W-2 agency would be required to place the individual in the first available and appropriate W-2 employment position if the Department or W-2 agency determines that: (a) an individual's application for a W-2 employment position was denied based on eligibility, but the individual was in fact eligible;

or (b) the individual was placed in an inappropriate W-2 employment position.. The individual would be eligible to receive the benefit for the W-2 employment position beginning on the date the individual starts employment or education and training activities for that position. The bill would also specify that if the W-2 agency or the Department determines that a participant's benefit was incorrectly modified, canceled or calculated, the benefit must be restored to the appropriate level determined by the W-2 agency or the Department, retroactive to the date on which the error first occurred. *Current law does not specify any corrective measures that must be taken by the Department or W-2 agency.*

DISCUSSION POINTS

1. Under the current AFDC program, decisions made by county departments of human/social services may be appealed to DWD. The appeals are actually conducted by the Division of Hearings and Appeals, which is attached to the Department of Administration. DWD indicates that this arrangement will likely be continued under W-2. As part of the transition to W-2, the Department has directed county agencies to conduct pre-hearing investigations and to use pre-hearing examiners to resolve disputes at the county level.

2. The Governor's recommendation would expand the current dispute resolution process under W-2 by allowing individuals to request a review of agency decisions regarding all components of W-2 instead of just decisions concerning employment positions. In addition, specific remedies (including retroactive benefit payments in certain cases) for eligible participants who have been denied benefits due to incorrect agency decisions would be established. From the participants' perspective, these changes would enhance the review process.

3. The Governor's proposal to modify the time period within which an individual must petition DWD for review of an agency decision would be somewhat more restrictive than present law. Under the current provision, the 15-day filing period does not begin until the petitioner receives the agency's decision. Under the budget proposal, the filing period would be reduced to 14 days, which would begin on the date that the agency mails its decision to the participant. The Department indicates that this provision would establish a certain date on which the appeal must be filed and would be consistent with requirements for appeals under the unemployment compensation program and other programs administered by DWD.

4. Since the W-2 legislation was introduced in the Fall of 1995, interest has been expressed in establishing a review process that is more like the procedure under the current AFDC program. There are several differences between the fair hearing provisions under AFDC and the review provisions for W-2 under existing law and the Governor's proposal:

- Under the AFDC program, if a petition is filed within 45 days of the county's decision, DWD is generally required to review the decision. In contrast, under W-2, the Department is only required to review agency decisions that involve the denial of an application based solely

on the determination of financial ineligibility. For other types of decisions, DWD is authorized, but not required, to review the local agency's decision. Review is required at the local agency level, however.

- The AFDC provisions require DWD to provide a petitioner reasonable notice and opportunity for a "fair hearing", while the W-2 provisions only allow for "review" by the agency or DWD. The fair hearing process under AFDC allows individuals to present evidence and testimony, be represented by legal counsel and have access to records pertaining to their case. The statutes for W-2 do not specifically require DWD to provide these opportunities to petitioners. However, the Department indicates that these provisions will likely be included in the review process under W-2. Also, the emergency rules for W-2 specify that no part of an individual's case record may be withheld from a petitioner (or his or her authorized representative) during preparation of a review. The rules do not provide additional guidance concerning how the review process will be conducted.

- Under AFDC, if a petitioner files a timely petition, benefits generally may not be suspended, reduced or discontinued until a decision is rendered after the hearing, but AFDC may be recovered by DWD if the contested decision is upheld. However, benefits may not be continued if the recipient is contesting a state or federal law and not the recipient's grant computation, or if the recipient is notified of a change in his or her grant while the hearing decision is pending, but the recipient fails to request a hearing on the change. The petitioner must be promptly informed in writing if AFDC is to be suspended, reduced or terminated pending the hearing decision. The Governor's proposal for W-2 would require retroactive benefit payments under certain circumstances; however, there is no requirement to continue benefits while an appeal is pending under the current W-2 dispute resolution process or under the Governor's proposal.

- The AFDC provisions require DWD to render its decision as soon as possible after the hearing and to send a certified copy of its decision to the petitioner, the county clerk and the county officer charged with administration of AFDC. Under W-2, similar provisions are required for review of decisions at the local agency level; however, prompt review and notification are not specifically required for reviews of agency decisions conducted by DWD.

The appendix provides more detailed information regarding the dispute resolution process under the AFDC statutes.

5. The dispute resolution provisions under W-2 were designed, in part, to discourage frivolous appeals that are believed to occur under the review process for AFDC. In particular, it is anticipated that the provisions that allow, rather than require, DWD to hear most types of appeals and that eliminate the continuation of benefits while an appeal is pending will lead to fewer unwarranted appeals. However, it is also possible that these provisions will discourage individuals from filing legitimate appeals of agency decisions, and the denial of benefits while an appeal is pending could impose a financial hardship on families, even if retroactive benefits

are subsequently paid. Another intent of the W-2 provisions is for most disputes to be settled at the local agency level rather than requiring DWD to intervene.

6. If the AFDC provision requiring benefit payments to be continued while a review is pending were adopted for W-2, it could result in increased costs if the Department is unable to recover benefits paid to individuals who are subsequently determined, through the review process, to be ineligible. The process of recovering benefit overpayments could also increase administrative costs. However, it is not possible to reliably estimate the fiscal impact of these factors. Other provisions of the AFDC review process, such as the requirement that DWD review all types of agency decisions, could also result in higher costs.

7. The state Learnfare provisions, as they relate to W-2 participants, contain a cross reference to the current AFDC fair hearing process, which will be repealed six months after the statewide start-up of W-2. In order to ensure that a review process continues to be available under Learnfare, the cross reference should be modified to refer to the W-2 dispute resolution provisions.

ALTERNATIVES TO BILL

W-2 Dispute Resolution

1. Approve the modifications recommended by the Governor to the dispute resolution process for W-2.
2. Modify the Governor's recommendation by deleting one or more of the following items:
 - a. The provision authorizing any individual whose application for any component of W-2 is not acted upon with reasonable promptness or denied, or who believes that the benefit was calculated incorrectly or that he or she was placed in an inappropriate W-2 employment position, to petition the W-2 agency for a review of such action.
 - b. The requirement that a certified copy of the decision by the W-2 agency must be sent by first class mail to the last-known address of the applicant or participant.
 - c. The requirement that a petition for DWD to review a W-2 agency's decision be made within 14 days after the date on which the copy of the W-2 agency decision is mailed.
 - d. The provisions specifying how the W-2 agency must correct actions that have resulted in a denial of a benefit to an eligible individual.

3. Modify the Governor's recommendation by adopting one or more of the provisions outlined below, which are similar to the fair hearing process under AFDC:

a. Require DWD to review any decision by a W-2 agency if: (a) the applicant or participant petitions the Department for review of the decision within 15 days of receiving the agency's decision (or within 14 days after the date on which the certified copy of the W-2 agency decision is mailed if the Committee modifies the filing deadline as recommended by the Governor); or (b) the W-2 agency requests DWD to review the agency's decision.

b. Specify in the statutes that the review process at both the W-2 agency level and at DWD must allow individuals to present evidence and testimony, be represented by legal counsel and have access to records pertaining to their case.

c. Provide that, if a petitioner files a timely petition, W-2 benefits generally may not be suspended, reduced or discontinued until a decision is rendered after the hearing, but may be recovered by DWD if the contested decision is upheld. Specify that benefits must be suspended, reduced or discontinued if the recipient is contesting a state or federal law or a change in state or federal law and not the recipient's grant computation, or if the recipient is notified of a change in his or her benefits while the hearing decision is pending, but the recipient fails to request a hearing on the change. Provide that the petitioner must be promptly informed in writing if benefits are to be suspended, reduced or terminated pending the hearing decision. Specify that these provisions would apply to both levels of review under the W-2 provisions.

d. Specifically require DWD to render its decision as soon as possible after the hearing and to send a certified copy of its decision to the applicant or participant and to the W-2 agency.

4. Maintain current law.

Learnfare Technical Modification

1. Modify the Learnfare statutes as they relate to W-2 participants to refer to the W-2 dispute resolution provisions rather than to the AFDC fair hearing provisions.

2. Maintain current law.

Prepared by: Rob Reinhardt

WORKFORCE DEVELOPMENT--ECONOMIC SUPPORT AND CHILD CARE

W-2 Dispute Resolution

Motion:

Move to modify the provisions regarding review of W-2 agency decisions as follows:

- a. Provide that an individual may seek review of agency decisions regarding any component of W-2 rather than only decisions regarding W-2 employment programs.
- b. Eliminate the current provision which requires individuals to seek review at the local agency level prior to petitioning DWD for review.
- c. Provide that if an individual files a timely petition, DWD must give the applicant or participant reasonable notice and opportunity for a fair hearing. Specify that the Department would be allowed to make any additional investigation it considers necessary. Require notice of the hearing to be provided to the petitioner and, if appropriate, to the county clerk. Provide that the W-2 agency could be represented at the hearing. Require DWD to render its decision as soon as possible after the hearing and to send a certified copy of its decision to the petitioner, the county clerk, if appropriate, and the W-2 agency. Specify that DWD's decision would be final, but could be revoked or modified as altered conditions may require. Require DWD to deny a hearing petition or to refuse to grant relief if: (1) the petition is withdrawn in writing; (2) the sole issue in the petition concerns an automatic grant adjustment or change for a class of participants as required by state or federal law; or (3) the petitioner abandons the petition.
- d. Specify that if a participant requests a hearing prior to the effective date of the action by the W-2 agency or within 10 days after the mailing of the notice of the action, whichever is later, benefits may not be suspended, reduced or discontinued until a decision is rendered after the hearing but may be recovered by DWD if the agency's decision is upheld. Provide that, until a decision is rendered, the manner or form of benefit payment may not change to a protective, vendor or two-party payment. Specify that benefits would have to be suspended, reduced or discontinued if: (1) the participant is contesting a state or federal law or law change and not the participant's benefit computation; or (2) the participant is notified of a change in his or her benefit while the hearing decision is pending but the participant fails to request a hearing on the change. Require that the participant must be promptly informed in writing if benefits are to be suspended, reduced or terminated pending the hearing decision.

Note:

This motion would replace the current dispute resolution process under W-2 with the fair hearing provisions under the AFDC program.

MO# 3143

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	Y	(N)	A
PANZER	Y	(N)	A

JENSEN	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
GARD	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

2 AYE 8 NO 8 ABS

W2 Dispute
MO# 3 ABCD

1 BURKE	Y	N	A
2 DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

W2 Dispute
MO# 1

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
1 GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

tech modification
MO# 1

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
1 OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
2 GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

W2 Dispute
MO# 2 b

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

APPENDIX

Fair Hearing Process Under the Current AFDC Program

Under current state law relating to AFDC, any person whose application for AFDC is not acted upon by a county department administering AFDC or tribal governing body with reasonable promptness after the filing of an application, or is denied in whole or in part, whose award is modified or canceled, or who believes the award to be insufficient, may petition DWD for a review of the action. The petition must be filed no later than 45 days after the decision or failure to act.

If a timely petition is filed, DWD must give the petitioner reasonable notice and opportunity for a fair hearing. DWD may make an additional investigation that it deems necessary. Notice of the hearing must be provided to the petitioner and the county clerk. DWD is required to render its decision as soon as possible after the hearing and must send a certified copy of its decision to the petitioner, the county clerk and the county officer charged with administration of AFDC. The decision is final, but may be revoked or modified as altered conditions may require.

DWD must deny a petition for a hearing and must refuse to grant relief if the petitioner withdraws the petition in writing, abandons the petition or the sole issue in the petition concerns an automatic grant adjustment or change for a class of recipients as required by state or federal law, unless the issue concerns the incorrect computation of a grant of AFDC. A petitioner abandons a petition when he or she fails to appear in person or by a representative at a scheduled hearing without a good cause.

Generally, if a petitioner files a timely petition, aid may not be suspended, reduced or discontinued until a decision is rendered after the hearing, but AFDC may be recovered by DWD if the contested decision or failure to act is upheld. In addition, until a decision is rendered after the hearing, the manner or form of AFDC payment to the recipient may not change to a protective or direct payment. However, AFDC must be suspended, reduced or discontinued if the recipient is contesting a state or federal law or a change in state or federal law and not the recipient's grant computation, or if the recipient is notified of a change in his or her grant while the hearing decision is pending, but the recipient fails to request a hearing on the change. The petitioner must be promptly informed in writing if AFDC is to be suspended, reduced or terminated pending the hearing decision.

Under current law, the above-described fair hearing and review process also applies to medical assistance decisions. However, due to the sunset of the AFDC program under current law, this process will not apply to either AFDC or MA beginning on the first day of the sixth month beginning after the date DWD indicates in the Wisconsin Administrative Register as the statewide implementation date for the W-2 program.